

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 NSC-10 EB-11 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 COME-00 FCSC-01 FRB-02 TRSE-00 DRC-01

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R 171349Z JAN 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5643

C O N F I D E N T I A L PRAGUE 0103

E.O. 11652: GDS

TAGS: PFOR, EFIN, CZ, L/C

SUBJECT: CLAIMS NEGOTIATIONS

REF: PRAGUE 70, PRAGUE 71

1. WE HAVE LEARNED FROM BOTH MFA AND BRITISH THAT ZANTOVSKY HAS OPENED WITH BRITISH AMBASSADOR PRELIMINARIES TO NEXT ROUND OF CZECH-UK CLAIMS NEGOTIATIONS WHICH, BASED ON 1964 AGREEMENT, ARE TO FOLLOW CONCLUSION OF US-CZECH AGREEMENT.

2. IN THIS CONNECTION, ZANTOVSKY HAS AGIN ASKED IF WE CAN DEAL PROMPTLY WITH GOLD QUESTION AS IT AFFECTS OUR NEGOTIATIONS. THIS IS DIRECTLY RELEVANT TO CZECH-UK TALKS, SINCE THEIR 1964 AGREEMENT POSTULATED SPECIFIC PROCEDURE FOR DELIVERY OF GOLD TO SWISS BANK AND ESCROW ARRANGEMENT TO ASSURE MINIMUM COMMITMENT FOR PAYMENT OF BRITISH CLAIMS. THIS PROCEDURE WAS ITSELF RELATED TO ARRANGEMENTS SPELLED OUT IN US-CZECH 1964 DRAFT, AND HELPS EXPLAIN WHY CZECHS ARE NOW PROPOSING (PRAGUE 70) SAME PROCEDURE IN CURRENT NEGOTIATIONS.

3. IN VIEW OF CZECH-BRITISH DEVELOPMENT, IT WOULD BE DESIRABLE TO EXPEDITE CONSIDERATION OF QUESTION OF RETURN OF GOLD. ON SUBSTANCE OF QUESTION, CRUCIAL CONSIDERATION FOR CZECHS IS OBVIOUSLY THAT ARRANGMENTS FOR RETURN OF GOLD UPON CONCLUSION OF AGREEMENT BE CATEGORICAL. WHILE CZECHS UNDERSTAND THAT

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PROCESSING OF GOLD IS FUNCTION OF TRIPARTITE COMMISSION, NOT

OF US UNILATERALLY, THEY EVIDENTLY EXPECT (AND WE OFFERED IN 1964) THAT AGREEMENT GO BEYOND US COMMITMENT TO WITHDRAW OBJECTION TO RETURN, AND AT LEAST INCLUDE DESCRIPTIVE LANGUAGE COVERING MODALITIES OF RETURN. ON QUESTION OF CONNECTION BETWEEN ACTUAL DELIVERY OF GOLD AND INITIAL PAYMENT, CZECHS OBVIOUSLY ARE HAPPY TO DRAW UPON 1964 PRECEDENT. HOWEVER, BEYOND CZECH EXPECTATION THAT AGREEMENT WILL PROTECT AGAINST POSSIBILITY THAT THEY MAKE INITIAL PAYMENT AND NOT RECEIVE GOLD, WE HAVE NOT TESTED THEIR VIEWS ON TIMING OF PAYMENT. (OF COURSE, ENTIRE AGREEMENT WOULD BE INVOLVED IF GOLD NOT ACTUALLY RETURNED.)

4. PARTICULARLY SINCE CZECHS PRESENTED MFN PROPOSAL ALONG WITH THAT ON GOLD, AND SINCE THESE TOGETHER CONSTITUTE ONLY SIGNIFICANT ISSUES REMAINING OTHER THAN LUMP SUM AND SURPLUS PROPERTY PAYMENTS, IT WOULD BE HIGHLY DESIRABLE TO DEAL WITH BOTH AT EARLIEST DATE IN ORDER TO NARROW AREA OF NEGOTIATION TO OTHER CENTRAL QUESTIONS. ON MFN, AGAINST BACKGROUND OF RECENT DISCUSSION (PRAGUE 71) WE CONTINUE TO BELIEVE THAT CZECHS WILL ACCEPT HUNGARIAN-TYPE SOLUTION, BUT DO NOT BELIEVE THEY WOULD CONCLUDE AGREEMENT WHICH LACKED ESSENTIALS OF THAT SAFEGUARD, PARTICULARLY SINCE THEY WOULD BE PAYING IN HALF THE TIME AND WITH TRADE-TIED ESCALATOR AT HIGHER PERCENTAGE THAN HUNGARIANS. CONFIRMATION TO CZECHS AT THIS TIME OF ACCEPTABILITY OF APPROPRIATE MFN LANGUAGE COULD, OF COURSE, BE EXPRESSED AS SUBJECT TO FULLY SATISFACTORY RESOLUTION OF OTHER REMAINING ISSUES.

5. REQUEST EARLY INSTRUCTIONS.
WORTZEL

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Message Attributes

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